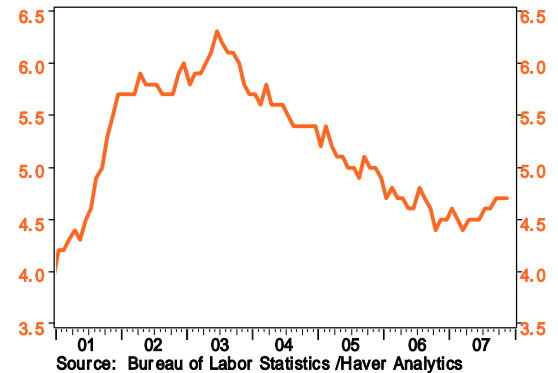


NOVEMBER EMPLOYMENT REPORT

Chief Economist – Brian S. Wesbury
Senior Economist – Robert S. Stein, CFA
Economic Research Analyst – Trevor D. Scott

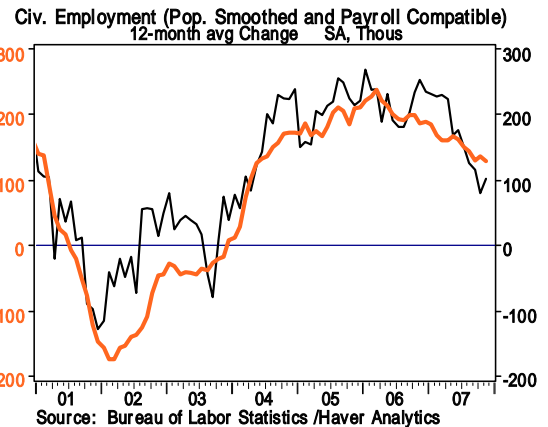
- Non-farm payrolls increased 94,000 in November while revisions to September and October subtracted 48,000. The consensus expected a gain of 80,000.
- Private sector payrolls increased 64,000 in November, with retail trade adding 24,000, the most in eight months. The three largest contributors to job growth were professional/business services, education/health, and leisure/hospitality, which combined for a payroll increase of 84,000 in November. The three weakest sectors were construction, manufacturing, and financial activities, the latter of which includes real estate and lending. These three combined for a payroll loss of 55,000 in November.
- The unemployment rate remained at 4.7% (4.658% un-rounded) versus a consensus expected increase to 4.8%.
- Average hourly earnings increased 0.5% and are up 3.8% versus a year ago.

Civilian Unemployment Rate: 16 yr +
SA, %



Implications: Today's employment report was solid, exhibiting not a whiff of the recession story being told elsewhere. With the unemployment rate still below 5% the labor market remains tight, suggesting continued robust increases in earnings for workers. The slowdown in payroll growth from late 2006 through this summer was due to the temporary slowdown in real GDP growth in the year ending in the first quarter of 2007. Now, in reaction to the nearly 4.5% real GDP growth rate in Q2/Q3, the trend in payroll growth has turned the corner and is moving up too. Factoring-in likely annual revisions, payrolls are up at a monthly rate of about 120,000 in the past year (now measured at 127,000). Meanwhile, civilian employment (adjusted for population revisions and the payroll concept) is up at an average monthly rate of 103,000. Given the ageing of the Baby Boom generation and increased school attendance by teenagers and young adults, these are healthy job gains. The Fed is still likely to cut the federal funds rate by 25 basis points next week but we remain convinced additional rate cuts are unnecessary.

All Employees: Total Nonfarm
12-month avg Change SA, Thous



Employment Report <i>All Data Seasonally Adjusted</i>	Nov-07	Oct-07	Sep-07	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.7	4.7	4.7	4.7	4.6	4.6
Civilian Employment (monthly change in thousands)	553	-55	289	262	156	103
Nonfarm Payrolls (monthly change in thousands)	94	170	44	103	94	127
Construction	-24	-9	-25	-19	-16	-10
Manufacturing	-11	-15	-15	-14	-18	-15
Retail Trade	24	-15	-3	2	0	5
Finance, Insurance and Real Estate	-20	-2	-24	-15	-8	0
Professional and Business Services	30	64	12	35	26	27
Education and Health Services	28	44	21	31	47	47
Leisure and Hospitality	26	46	41	38	28	32
Government	30	38	7	25	19	20
Avg. Hourly Earnings: Total Private*	0.5%	0.1%	0.2%	3.0%	3.6%	3.8%
Avg. Weekly Hours: Total Private	33.8	33.8	33.8	33.8	33.8	33.8
Index of Aggregate Weekly Hours: Total Private*	0.1	0.1	0.1	1.1	1.3	1.6

*3, 6 and 12 month figures are % change annualized

This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.